KANSAS EXPLORATIONS, INC.

JOPLIN, MISSOURI

March 7th, 1928.

Mr. R. T. Cornell, Vice Pres.,
Kansas Explorations, Inc.,
250 Park Avenue,
New York.

Dear Mr. Cornell:

You will note from the Annual Report that our 1927 Capital Expenditures was given as $74,364.52. This figure is made up approximately as follows:

Drilling & Lease Expense

Ritz	$3,000.00	
Banta & McKee	6,000.00	$ 9,000.00
Transfer of Equipment		27,400.00
		$36,400.00

Spent on 1926 Authorizations

Ritz	$30,000.00	
Banta & McKee	8,000.00	38,000.00
Approximately		$74,400.00

During 1927 we did not have a single request for new Capital, such as would require our regular "Capital Expenditure Proposal" to be authorized and signed by Mr. Crane.

Respectfully,

J. C. Barton

JCB:EC

Joplin, Missouri.

February 18, 1928.

Mr. R. T. Cornell, Vice President,
Kansas Explorations, Inc.,
250 Park Ave.,
New York City.

Dear Sir:

I submit herein Annual Report of Kansas Explorations, Inc., for the year 1927.

Respectfully,

J. C. Barton

J. C. Barton

KANSAS EXPLORATIONS, INCORPORATED

JOPLIN, MISSOURI

"A N N U A L R E P O R T"

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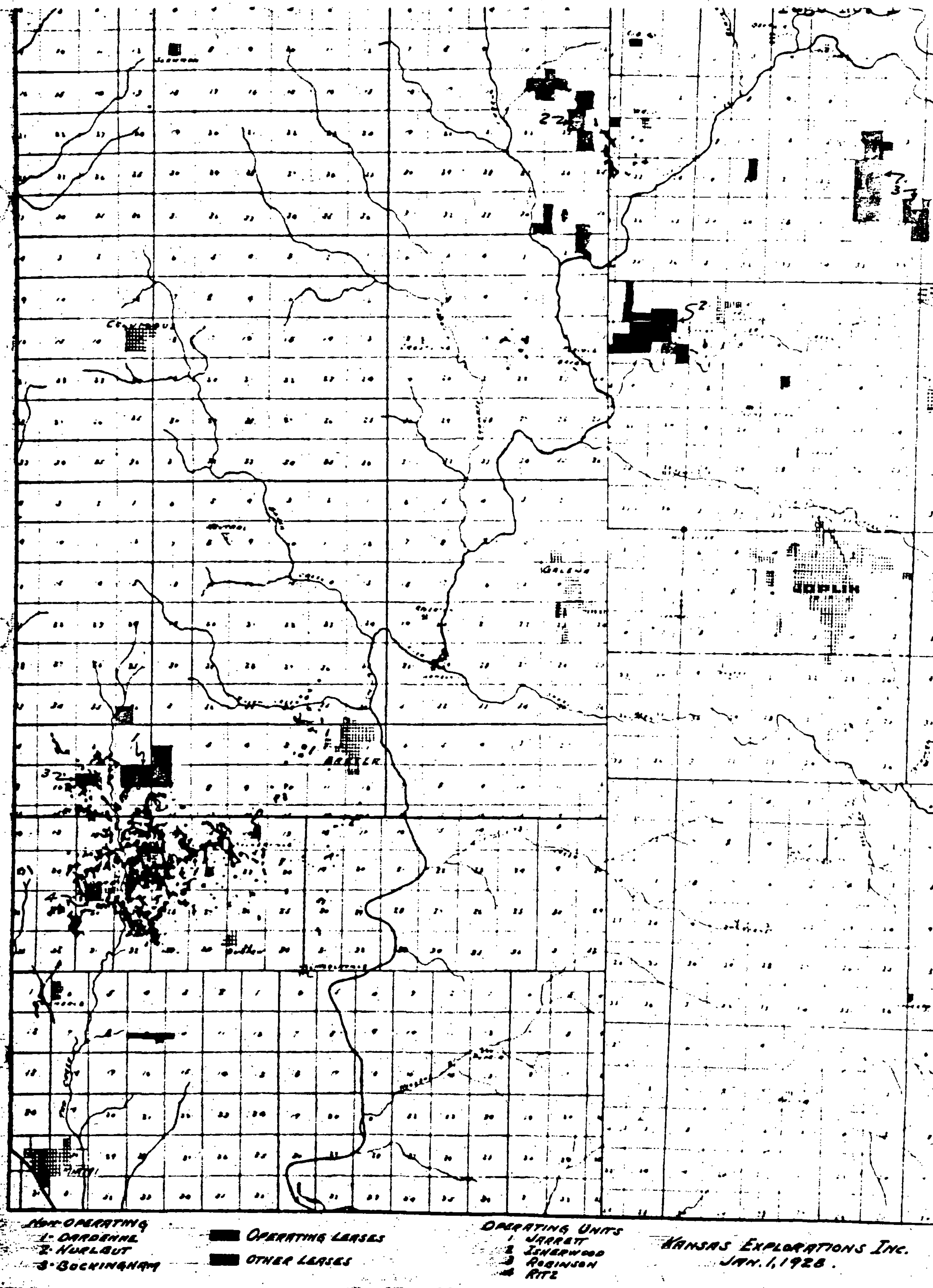

KANSAS EXPLORATIONS INC.
JAN. 1, 1928.

Kansas Explorations, Inc. during 1927 operated four properties in the Missouri-Kansas-Oklahoma Zinc-Lead District and has prospected on a number of leases not included under those operated.

The location of the four operating properties and of the greater part of leases how held by the Company is shown on the small scale map in the front of this report.

Activity for the year was divided between "Operations" and "Explorations." The practice has been to consider as "operations" all activity on any property which has once been brought to the production stage. All other activity such as drilling, examinations, and mine developments on properties that have not been brought to the production stage have been considered as "explorations." The cost of churn drilling on "operating" properties is charged direct to "Operations."

During the year 1927

"OPERATIONS"

Production for mines was 395,786 Rock Tons

and 101,078 Tailings Tons

With a yield of 26,492.3 Zinc Concentrate Tons

and 2,521.7 Lead Concentrate Tons

Our operating Units, Joplin Accounts, show an operating profit plus miscellaneous income balance -(this before depreciation, depletion, interest and New York charges) of $171,850.99

"EXPLORATIONS"

Exploration work on properties outside of the operating units consisted of 10174 feet of shale drill holes, 40154 feet of deep drill holes, 267 feet of shaft, raise and winze work, and 1339 feet of lateral development, together with incidental lease, legal, rental expense, etc. Expenditures in such work totaled - $159,067.10

Miscellaneous Income from other than operating properties totaled $666.16

CAPITAL EXPENDITURES

On Operating Properties totaled $74,364.52

SUMMARIZING

Operating Units		$171,850.99
Capital A/C Expenditures (Operating Properties)	$74,364.52	
Exploration Work	$158,400.94	
Resulting in a deficit Joplin Accounts only		$60,914.47
	$232,765.46	$232,765.46

1927 practically brought to a definite conclusion the enormous drilling campaign originally planned and at the close of the year holdings of the Company consisted of 10 operating leases comprising 1216.2 acres and 34 non-operating leases, comprising 3673.2 acres or a total acreage leased of 4889.4 acres. At the beginning of the year 1927, with the completion of the new Ritz Mill and with increased efficiency at the other plants, it was planned to produce over 40,000 tons of zinc and lead concentrates during 1927, but with a gradual decline in price and a shrinking of profits it was considered wise to curtail production severely and maintain ore reserves for the future. During the year, 29,014 tons of zinc and lead concentrates were produced and 34,736 tons of lead and zinc concentrates were blocked as "Proved" ore found during the year (this does not include the "Probable" ore found during the year.)

The Joplin ore market the first of 1927 was $45.00 per ton of zinc concentrates (Base of 60% Zinc) and $95.00 per ton of lead concentrates (Base of 80% Lead).

The chief zinc ore market depression started March 25th and with a few "ups" and "downs" reached, in December a new low price for the year of $35.00 per ton of zinc concentrate. Lead concentrates sold at $85.00 per ton at the end of the year.

General comparison of 1927 operations and explorations with the previous years is shown below:

SUMMARY COMPARATIVE RESULTS OF OPERATIONS AND EXPLORATIONS

	Period 1921 to 1925 Inc.	Period Year 1926	Period Year 1927	Total at 12/31/27
ORE RESERVES				
Rock Tons				
Mine Ore	607,065	935,963	1,161,796	1,161,796
Tailings		986,116	901,511	901,511
Concentrate Tons	29,547	74,295	80,017	80,017
ORE PRODUCED				
Rock Tons	346,208	428,511	496,864	1,271,583
Concentrate Tons	22,050	28,224	29,014	79,288
CAPITAL EXPENDITURES (Joplin Accounts)	1,942,635.15	778,024.11	233,431.62	2,954,090.88
OPERATING PROFIT & OTHER INCOME (Joplin Accounts)	271,184.77	516,691.37	172,517.15	960,393.29

Note: Ore Reserves Includes "Proved Ore" only - "Probable Ore" is not included due to variation in manner of calculation.

O P E R A T I O N S

Kansas Explorations, Inc. operated four units during 1927, as follows:

Jarrett Unit - Kansas

Lease	Lease Number	Acres
Jarrett	396	240
Foley*	383	20
Mullen	743-A	160
Total Jarrett Unit		420

Robinson Unit - Kansas

Robinson Lease	724	80

Ritz Unit - Oklahoma

Ritz Lease	921	60

Isherwood Unit - Missouri

Isherwood Lease	603	79
Ellis Lease	494	175
Martin Lease	594	320
Banta Lease	586	81
McKee Lease	929	1.2
Total Isherwood Unit		656.2

GRAND TOTAL - 10 Leases 1216.2

Note: * Not including 140 Acres Non-Operating.

OPERATIONS

SUMMARY

Production & Recovery

Property	Tailings	Ore Tonnage Hoisted	Ore Tonnage Milled	Concentrate Tonnage Zinc	Concentrate Tonnage Lead	Concentrate Tonnage Total	Concentrate Recovery % Zinc	Concentrate Recovery % Lead	Concentrate Recovery % Total
Jarrett Unit		104001	101793	6343.3	443.7	6787.0	6.23	.44	6.67
Robinson Unit		129878	126621	5835.6	1715.6	7551.2	4.61	1.35	5.96
Ritz Unit	101078	50414	151238**	4000.2	357.6	4357.8	2.64	.24	2.88
Isherwood Unit		111493*	105104	10313.2	4.8	10318.0	9.81	.01	9.82
TOTAL OR AVERAGE	101078	395786	484756	26492.3	2521.7	29014.0	5.47	.52	5.99
Percentages				91.31	8.69	100.0			
Percentage Milled			97.56						

Notes:

* - Includes 48 tons from surface dump.

** - Includes 101003 tons tailings milled.

DISTRIBUTION OF CONCENTRATE RECOVERY %

	TAILINGS Zinc	TAILINGS Lead	TAILINGS Total	MINE ORE Zinc	MINE ORE Lead	MINE ORE Total	AVERAGE Zinc	AVERAGE Lead	AVERAGE Total
Ritz	1.64	.02	1.66	4.67	.66	5.33	2.64	.24	2.88
AVERAGE ALL PROPERTIES	1.64	.02	1.66	6.47	.65	7.12	5.47	.52	5.99

OPERATING COSTS - (Total and Rock Ton)

Property	Mining(1) Amount	Mining(1) Per Ton	Milling Amount	Milling Per Ton	Miscellaneous(2) Amount	Miscellaneous(2) Per Ton	Churn Drilling Amount	Churn Drilling Per Ton	Total Amount	Total Per Ton
Jarrett Unit	136579.47	1.313	44956.27	.442	20737.81	.204	19531.35	.188	221804.90	2.147
Robinson Unit	183736.65	1.414	58936.75	.465	24054.86	.190	8312.41	.064	275040.67	2.133
Ritz Unit	70011.73	1.389	78269.60	.517	21935.46	.145	6361.92	.126	176578.71	2.177
Isherwood Unit	187068.68	1.677	30694.94	.292	28443.45	.271	22860.40	.206	269067.47	2.446
Grand Totals or Averages	577396.53	1.459	212857.56	.439	95171.58	.196	57066.08	.144	942491.75	2.238
Percentages	61.26		22.58		10.10		6.06		100.00	

GENERAL

OPERATING BALANCE

Property	Inventory Increases	Adjusted Costs	Net Sales(3)	Amount	Per Ton Ore	Per Ton Concentrates Produced	Percent Operating Cost
Jarrett Unit	10994.75	210810.15	248165.05	37354.90	.345	5.50	16.84
Robinson Unit	43292.43	231748.24	271822.65	40074.41	.302	5.31	14.57
Ritz Unit	12246.22	164332.49	133175.56	31156.93	.206	7.15	17.64
Isherwood Unit	88649.54	180417.93	302843.23	122425.30	1.114	11.86	45.50
Grand Totals or Averages	155182.94	787308.81	956006.49	168697.68	.348	5.81	17.90

Notes: (1) Includes Operating Development (2) General Expenses
(3) Gross Sales less Royalty.

OPERATING DEVELOPMENT - INCLUDED IN ABOVE OPERATING COSTS.

	Jarrett	Robinson	Ritz	Isherwood	Grand Total
Tons Hoisted	104001	129878	50414	111493	395786
Tons Conc. Produced	6787.0	7551.2	4357.8	10318.0	29014.0
Total Development Expense	22739.30	28385.15	22597.86	9397.03	83119.34
Cost per ton hoisted	.219	.219	.448	.084	.210
Cost per ton Concentrates	3.350	3.759	5.186	.911	2.865

S A L E S - OPERATING BALANCES -(Total Amounts and Per Concentrate Ton)

Gross Sales	Jarrett Amount	Jarrett Per Ton Sold	Robinson Amount	Robinson Per Ton Sold	Ritz Amount	Ritz Per Ton Sold	Isherwood Amount	Isherwood Per Ton Sold	Total Amount	Total Per Ton Sold
Zinc	253649.05	43.41	180526.54	41.07	123831.63	35.79	355242.44	46.30	913249.66	42.73
Lead	39161.85	88.26	149491.82	88.16	28689.06	80.45	253.89	52.89	217596.62	87.01
Total	292810.90	46.57	330018.36	54.18	152520.69	39.96	355496.33	46.30	1130846.28	47.37
Royalty	44645.85	7.10	58195.71	9.55	19345.13	5.07	52653.10	6.86	174839.79	7.32
Net Sales	248165.05	39.47	271822.65	44.63	133175.56	34.89	302843.23	39.44	956006.49	40.05
Operating Costs	221804.90	35.28	275040.67	45.16	176578.71	46.26	269067.47	35.04	942491.75	39.48
Inventories Increase*	10994.75	1.75	43292.43	7.11	12246.22	3.21	88649.54	11.54	155182.94	6.50
Adjusted Costs	210810.15	33.53	231748.24	38.05	164332.49	43.05	180417.93	23.50	787308.81	32.98
Operating Balance	37354.90	5.94	40074.41	6.58	31156.93	8.16	122425.30	15.94	168697.68	7.07
Per Ton Produced		5.50		5.31		7.15		11.86		5.81

Note:- *Inventories carried at Cost.

Tons Sold				
Zinc	5843.3	4395.6	3460.2	7673.2	21372.3
Lead	443.7	1695.6	356.6	4.8	2500.7
Total	6287.0	6091.2	3816.8	7678.0	23873.0
Tons Inventory					
Zinc	500.0	1440.0	540.0	2640.0	5120.0
Lead	0	20.0	1.0	0	21.0
Total	500.0	1460.0	541.0	2640.0	5141.0

JARRETT UNIT - KANSAS.

The Following is a Summary of Operations at the Jarrett Unit During and at the End of 1927.

	Jarrett Shaft No.1	Jarrett Shaft No.2	Jarrett Shaft No.3	Total Jarrett	Foley Shaft No.1	Mullen Shaft No.1	Total Jarrett Unit
Rock Tons Hoisted	19078	80800	1822	101700	2301		104001
Rock Tons Milled				99492	2301		101793
Zinc Conc. Tons Produced				6192.2	151.1		6343.3
Lead Conc. Tons Produced				430.6	13.1		443.7
Total Conc. Tons Produced				6622.8	164.2		6787.0
Zinc Concentrate Recovery %				6.22	6.57		6.23
Lead Concentrate Recovery %				.43	.57		.44
Total Concentrate Recovery %				6.65	7.14		6.67
Drilling - Footage				8893	871	6877	16641
Development - Footage	32.0	819.0	332.0	1183.0	109.0		1292.0
Ore Reserves End of Year (Proved plus Probable)							
Rock Tons				386751	171084	119182	677017
Grade Zn.-Pb. %				4.62	4.40	4.27	4.51
Concentrate Tons				17857	7537	5099	30493
Efficiency							
Tons Rock Mined per Man							4.9
Tons Concentrates Mined per Man							.32
Costs - Operating							
Drilling & Dev. Cost*(Rock Ton)				.281	2.251	Note**	.407
Total Rock Ton				1.981	5.639		2.147
Total Conc. Ton							32.68
Capital Expenditures							
During Year (Joplin Accounts)				7787.00	5415.00	0	2372.00
Total at End of Year				440473.52	53636.32	33401.50	527511.34
Operating Profit & Misc. Income (Including Inventory at Cost)							
During Year (Joplin Accounts)				53673.16	7062.29	8676.55	37934.32
Total at End of Year				208587.72	7164.62	5404.52	210347.82
Inventory End of Year (Tons)							
Zinc Concentrates				500.0			500.0
Lead Concentrates				0			0
Total Concentrates				500.0			500.0

Note:* Included in Rock Ton and Concentrate Ton Cost.

** Expenditure on Mullen Churn Drilling $8548.20 - No Tonnage.

JARRETT UNIT - KANSAS

This unit includes the Jarrett, Foley and Mullen leases, an aggregate of 420 acres, the ore from which, by reason of special agreements, can be treated in one mill.

The Jarrett unit has a modern concentrating mill - capacity 720 tons per 24 hours. Ore is supplied to this mill through the Jarrett #1, #2, #3, Foley #1 and Mullen #1 shafts. The mill was operated on two ten-hour shifts until June 1st, one ten-hour shift June 1st to October, and was closed in October because of adverse ore market conditions and the desire to conserve the ore reserve for better market conditions. Only a few minor changes were made in the flow sheet during the year.

JARRETT MINE #1

Practically all of the ore from this mine was taken from the 360 foot level and a sub-level developed by a 60 foot raise from the 360 foot level. Mining ceased in June, due to putting the Jarrett Mill on single shift production. Pumps were pulled from this shaft, and the water allowed to raise. This mine is in fair shape to resume production on short notice.

JARRETT MINE #2

This mine was the largest producer of the Jarrett Group and during the year supplied the bulk of the tonnage to the Jarrett Mill. An average amount of development was carried on during the year. The pumps were pulled and the mine closed in October. This mine is in excellent condition to produce a large tonnage of good ore very cheaply and all on short notice. Jarrett #2 is an exceptionally good mine.

JARRETT MINE #3

This shaft was started the first part of April and completed the last part of May. The derrick and hopper were moved from the Foley shaft for use at this shaft.

This mine begun production in August and continued until the Jarrett Group was closed down in October.

This mine was developed during the year and is in excellent condition to produce a fair tonnage on short notice.

FOLEY MINE #1

A winze started the latter part of 1926 to a deeper run of ore was completed during January and a drift was driven to the ore body during February. Production began March 1st, but due to the high cost of mining this ore the project was abandoned May 1st. All equipment was removed from the mine. The future possibilities of this shaft, as well as the Mullen shaft, are in the deeper ore below the four hundred foot level.

MULLEN MINE #1

No mining operations at this mine during the year. The future seems to depend upon the possible development of the deep run of ore, found by churn drilling, below the four hundred foot level.

ROBINSON UNIT - KANSAS.

The Following is a Summary of Operations at the Robinson Unit During and at the End of 1927.

	Robinson Shaft No.1-2-3	Robinson Shaft No.4	Robinson Shaft No.5	Total Robinson Unit
Rock Tons Hoisted	60491	57344	12043	129878
Rock Tons Milled				126621
Zinc Conc.Tons Produced				5835.6
Lead Conc.Tons Produced				1715.6
Total Conc.Tons Produced				7551.2
Zinc Conc.Recovery %				4.61
Lead Conc.Recovery %				1.35
Total Conc.Recovery %				5.96
Drilling - Footage				9208
Development - Footage	238	709	465	1412
Ore Reserves End of Year (Proved plus Probable)				
Rock Tons				277071
Grade Zn.-Pb.%				5.45
Concentrate Tons				15100
Efficiency				
Tons Rock Mined per Man				5.1
Tons Conc.Mined per Man				.29
Costs - Operating				
Drilling & Dev.Cost*(Rock Ton)				.283
Total Rock Ton				2.133
Total Conc.Ton				36.42
Capital Expenditures				
During Year (Joplin Accounts)				5025.00
Total at End of Year				284301.72
Operating Profit & Misc.Income(Including Inventory at Cost)				
During Year (Joplin Accounts)				40712.63
Total at End of Year				352183.23
Inventory End of Year (Tons)				
Zinc Concentrates				1440.0
Lead Concentrates				20.0
Total Concentrates				1460.0

Note: *Included in Rock Ton and Concentrate Ton Cost.

ROBINSON UNIT - KANSAS

This unit includes 80 acres, the ores from which can be treated in one mill.

The Robinson has a modern concentrating mill and a complete differential flotation unit. This mill has a capacity of 720 tons per 24 hours. Ore is supplied to this mill from Robinson #1, #2, #3, #4 and #5 shafts, all located on the Robinson 80 acres.

The mill operated two ten-hour shifts up to April 16th, three eight-hour shifts April 16th to June 1st when the mill was put back on a single ten-hour shift per day to conform to general curtailment program.

During the month of May, three eight-hour shifts instead of two ten-hour shifts were tried in the mill. The same tonnage per day being treated but a finer grinding employed. A better extraction, better operating condition, and a more economical operation seems to be obtained with three shifts.

The Robinson ores require much finer grinding than our Jarrett or Isherwood ores but not as much as our Ritz ores. The economic point of fine grinding should be fairly well established during 1928 - varying with market conditions.

During the year three trommel screens were replaced by vibrating screens which require much less power and are cheaper to maintain. The vibrating screen has also greatly relieved our circulating loads in our crushing and grinding circuit.

An extra cell was added to the flotation unit during December.

ROBINSON MINE #1, #2, #3

During the year Robinson #1 and Robinson #2 were connected and haulage ways established so that all ores from #1, #2 and #3 shafts were hoisted at #3, or the mill shaft.

This mine #1, #2 and #3 furnished a large tonnage of ore during the year but has only a limited tonnage left on the present mine level.

Production was stopped in October due to a more economical operation possible from Robinson #4 and #5 mines.

An underground churn drill was started during October for the purpose of thoroughly prospecting the bottom of this mine.

During the latter part of September a winze was started in the North end of the mine and was sunk to a depth of 41 feet. From the bottom of this winze it is planned to drift North to the ore body found by churn drilling.

ROBINSON MINE #4

This mine produced a large tonnage of excellent ore, during the year. Robinson #4 is an exceptionally good mine with large future reserves.

Two development drifts were driven during the year - one South to the King Brand property line, developing a fair tonnage of excellent ore - one drift to the Northwest which has opened up a large tonnage of ore for future production.

ROBINSON MINE #5

This mine, located in the extreme Northeast corner of the property was developed and put into production during the year. The shaft was started the first part of January and completed the middle of May. The first ore was produced May 25th. A large amount of development and production was carried on until the middle of August when production was suspended and the shaft sunk nine feet deeper - opening up a deeper run of ore to the West of the shaft.

RITZ UNIT - OKLAHOMA.

The Following is a Summary of Operations at the Ritz Unit During and at the End of 1927.

	Ritz Shaft No.1	Ritz Shaft No.2	Ritz Shaft No.3	Total Ritz Mine Ore	Total Ritz Tailings	Total Ritz Unit
Rock and Tailings Tons Hoisted	48051	2363		50414	101078	151492
Rock and Tailings Tons Milled				50235	101003	151238
Zinc Conc. Tons Produced				2346.5	1653.7	4000.2
Lead Conc. Tons Produced				331.8	25.8	357.6
Total Conc. Tons Produced				2678.3	1679.5	4357.8
Zinc Concentrate Recovery %				4.67	1.64	2.64
Lead Concentrate Recovery %				.66	.02	.24
Total Concentrate Recovery %				5.33	1.66	2.88
Drilling - Footage				7816		7816
Development - Footage	564	0	783	1347.		1347
Ore Reserves End of Year (Proved plus Probable)						
Rock Tons				592155	250311	842466
Grade Zn.-Pb. %				4.70	3.14	4.23
Concentrate Tons				27799	7851	35650
Efficiency						
Tons Rock Mined per Man						10.9
Tons Concentrates Mined per Man						.32
Costs - Operating						
Drilling & Dev. Cost*(Rock Ton)						.574
Total Rock Ton						2.177
Total Concentrate Ton						40.52
Capital Expenditures						
During Year (Joplin Accounts)						34751.83
Total at End of Year						336223.69
Operating Profit & Misc. Income (Including Inventory at Cost)						
During Year (Joplin Accounts)						30518.71
Total at End of Year						30398.71
Inventory End of Year (Tons)						
Zinc Concentrates						540.0
Lead Concentrates						1.0
Total Concentrates						541.0

Note: * Included in Rock Ton and Concentrate Ton Cost.

RITZ UNIT - OKLAHOMA

The Ritz Unit includes 60 acres, the ores from which can be treated in one mill.

The Ritz Mill is a modern concentrating mill with a complete differential flotation unit. This mill has a capacity of 800 tons per 24 hours, also full equipment for the handling of 800 tons per 24 hours of tailings, giving a flexible arrangement of handling either mine run ore or tailings. Ore is supplied to this mill from Ritz #1 and #2 shafts and tailings are from the old tailing pile East of the Mill.

This mill was operated on tailings during January and mine run ore February 1st to August 1st. As a part of the general curtailment plan, the Ritz mines were closed and the mill was put back on the treatment of tailings. About 800 tons of tailing ore per 24 hours (three shifts) were treated.

Due to the very finely disseminated mineral and the unusual character of both the mine run ore and tailings, considerable difficulty has been encountered in the treatment of these ores. By the use of finer grinding, vibrating screens, St.Joe Pinch Riffles, and better classifying and de-sliming, considerable improvement has been made.

RITZ MINE #1

All mining was confined to the leaner stopes and practically no tonnage was mined from the richer headings in the Southeast end of mine.

During the year two inclines were sunk to deeper ore - one North of #1 shaft, and one in the Southeast part of the mine. Both these developments are now in a position to produce a good tonnage of ore. This mine is now in excellent condition and can be put on double shift operation on short notice.

RITZ MINE #2

This mine proved disappointing, in that the drill holes drifted to did not prove up. However, there are many possibilities for future ores from this shaft.

RITZ MINE #3

This mine was carried only as a development. Drifts were started toward several recently drilled ore holes but were discontinued, due to a desire to stop completely all mining at the Ritz, until the overhead could be better absorbed by operations.

ISHERWOOD UNIT - MISSOURI.

The Following is a Summary of Operations at the Isherwood Unit During and at the End of 1927.

	Isherwood Shaft No.1	Ellis Shaft No.1	Ellis Drift #67	Total Ellis	Martin Shaft No.1	Martin Shaft No.2	Total Martin	Banta Shaft No.1	McKee Mine No.1	Total Isherwood Unit
Rock Tons Hoisted	541	6432	22625	29057	39942	28296	68238	12514	1143	111493
Rock Tons Milled	482			27388			64320	11807	1107	105104
Zinc Conc.Tons Produced	51.8			3186.2			5959.9	1016.7	98.6	10313.2
Lead Conc.Tons Produced	0			4.8			0	0	0	4.8
Total Conc.Tons Produced	51.8			3191.0			5959.9	1016.7	98.6	10318.0
Zinc Concentrate Recovery %	10.75			11.63			9.27	8.61	8.91	9.81
Lead Concentrate Recovery %	0			.02			0	0	0	.01
Total Concentrate Recovery %	10.75			11.65			9.27	8.61	8.91	9.82
Drilling - Footage	2425			6350			11485	2509	270	23039
Development - Footage	184.0	79.0	192.5	271.5	444.0	408.5	852.5	0	0	1308.0
Ore Reserves End of Year (Proved plus Probable)										
Rock Tons	9865			18300			71563	5184	400	105312
Grade Zn.-Pb.%	8.15			8.65			6.89	8.36	6.0	7.38
Concentrate Tons	804			1581			4929	433	24	7771
Efficiency										
Tons Rock Mined per Man										3.5
Tons Concentrates Mined per Man										.32
Costs - Operating										
Drilling & Dev. Cost*(Rock Ton)	7.944			.288			.246	.211	.178	.290
Total Rock Ton	15.448			2.743			2.154	2.842	1.899	2.446
Total Conc. Ton										26.08
Capital Expenditures										
During Year (Joplin Accounts)	2384.20			3000.00			1615.40	29740.36	1475.73	32215.69
Total at End of Year	195945.76			60946.36			59339.95	29740.36	1475.73	347448.16
Operating Profit & Misc. Income (Including Inventory at Cost)										
During Year (Joplin Accounts)	6086.83			54197.66			82220.62	7880.06	1271.36	123722.75
Total at End of Year	127676.08			192589.68			118002.51	7880.06	1271.36	431659.57
Inventory End of Year (Tons)										
Zinc Concentrates	0			970.0			990.0	680.0	0	2640.0
Lead Concentrates	0			0			0	0	0	0
Total Concentrates	0			970.00			990.0	680.0	0	2640.0

Note: * Included in Rock Ton and Concentrate Ton Cost.

ISHERWOOD UNIT - MISSOURI

This unit includes the Isherwood, Ellis, Martin, Banta and McKee leases - an aggregate of 656.2 acres the ores from which by reason of special agreements, can be treated in one mill.

The Isherwood property has a modern 720 ton per 24 hour concentrating mill. Ore was supplied through the Isherwood Shaft #1, Ellis Drift #67, Ellis Shaft #1, Martin Shaft #1, Martin Shaft #2, McKee Mine #1 and Banta Shaft #1. This mill operated most of the year on a single shift operation.

During the year a Flotation Machine was added to re-treat the irony zinc middling from the tables.

ISHERWOOD MINE #1

A very small tonnage of ore was produced from this shaft during the year. Only a small reserve is left in this mine, though a development drift being driven South has some promise of bringing in new ore.

ELLIS MINE #1

This mine produced a fair tonnage of ore up to April, when all operations were suspended account of the ore body being mined out. The derrick and all equipment was moved to the Banta shaft.

ELLIS MINE #67

This ore body joins the Isherwood on the North and all the ore is hoisted through the Isherwood #1 shaft. This mine has been the largest, richest and most profitable of any of the mines of the Isherwood Group. There seems to be now, however, only a limited tonnage left to mine.

MARTIN MINE #1 & #2

These mines have produced a good tonnage of rich ore during the year. During the year #1 Mine, the McKee and #2 Mine were connected by a development drift. For the most part this mining is all timbered ground, mined by drifting to the outer edges of the ore bodies, then by caving and retreating. These mines have been well drained and are of such a formation as to be ideal for soft ground mining. However, the ore reserve left is small.

McKEE MINE

The McKee Mine is a small pocket of ore which was mined through a drift connection with Martin #2 mine and then hoisted through Martin #2 shaft - all by special permission from the land-owners.

BANTA MINE #1

Drifting to outline the ore pocket East of the shaft was carried on until March first, when it was decided that sufficient tonnage was developed to justify tramming and milling this ore to, and through the Isherwood Mill. Production started the first part of May and was continued with the exception of two periods of delay caused by the unusual high floods which drowned out this shaft. This ore deposit has been very soft (like mud) and has required an unusual timber expense. The handling of this ore (mud) gave considerable trouble in our mine hopper, tram cars, and mill hopper, also reducing the capacity of our mill from an average of 30 tons per hour to about 20 tons per hour; making a very high cost and a comparatively inefficient operation. A drift is now being driven to ore holes Southwest of the shaft but should this area not look any more promising than the Northeast end, the project will be abandoned.

MARTIN - McBEE

SUB-LEASE.

MARTIN - McBEE SUB-LEASE

This sub-lease was worked intermittently during the year at a large loss to the operators, but with the following revenue to Kansas Explorations, Inc. The Company receives 3¾% royalty on this production.

	Martin	McBee	Total
Tons Concentrates Sold			
1927	377.1	298.2	675.3
To Date	2338.0	460.5	2798.5
Royalty to K. E. Inc.			
1927	$ 592.03	$508.10	$1100.13
To Date	$4602.08	$824.76	$5426.84
Lease Expense (approx.)			
1927	$ 25.00	$ 25.00	$ 50.00
To Date	$6690.00	$1480.00	$8170.00
Balance (approximate)			
1927	$ 567.03	$ 483.10	$1050.13
Loss to Date	$2087.92	$ 655.24	$2743.16

EXPLORATIONS

LEASE HOLDINGS

Acreage Acquired:

Very few new leases have been taken in 1927. Two or three, for special reasons, were taken in order to do a specific limited amount of prospecting and were abandoned as soon as this proved negative. A few old leases in the Smithfield Area, formerly abandoned, have been retaken under more favorable terms, as they seemed to have some chance of developing tonnage for the Isherwood Mill.

Acreage Abandoned:

The elimination of undesirable rental acreage proceeded virtually to completion in 1927, and included nearly all the territory from Carthage to Diamond, which was collected in 1925 and 1926. It was finally concluded that most of this area did not deserve much prospecting under present conditions and was not worth the rental.

Acreage Held:

We are now holding, in addition to operating leases, fair sized blocks of the most promising acreage in the Waco-Lawton, Smithfield and Oronogo Areas and one or two rental tracts of more or less speculative value around the border of the Picher District.

Summary of Leasing Activities:

	Original Block	1921-1926 Inclusive	1927	Total
Acquired	18,787.0	86,476.3	879.7	106,143.0
Abandoned		83,001.3	18,252.3	101,253.6
Under Lease December 31, 1927				4,889.4

DRILLING

Classes of Drilling

Two classes of drilling, "Shale" and "Deep" have been employed by the Company in 1927, as in previous years. Shale drilling consists of preliminary or exploratory work in search of structural conditions favorable for the occurrence of ore in this field. Shallow holes are drilled to determine the presence and depth of shale, and the character of the rock immediately below. This drilling can be done or contracted at prices ranging from 50 to 60 cents per foot.

Deep drilling is used to follow up the shale drilling, testing the deeper rocks in which the ore actually may be found. Also in some localities where shale drilling is not indicative deep drilling is used without preliminary work. The cost ranges from $1.00 per foot up to $1.50 or more in exceptional cases.

Tendency of Drilling Program

From 1921 to 1925, when much exploratory work was in progress and but little operation under way, shale drilling equalled or exceeded deep drilling in total footage. Since 1925, with the gradual completion of a broad, exploratory program and the rapid increase in operations, shale drilling has decreased greatly and deep drilling has become predominant. The total footage drilled in 1927 was but little more than half that for 1926.

Comparative footages 1926-1927*

	Shale	Deep	Total
1926	43,252	158,403½	201,655½
1927	13,797	93,235	107,032

Note: *The above figures include Drilling on Operating Leases, which drilling was charged direct into Operating Costs.

Operating and Exploration drilling

Drilling is divided, for accounting purposes, into that on operating leases and that on non-operating leases; operating leases being those leases producing or having at some time produced ore to the credit of Kansas Explorations, Inc., Non-operating leases are those being drilled and developed up to the production stage.

Comparative Operating and Non-operating footages 1926-1927

	Operating Leases*			Non-Operating Leases			
	Shale	Deep	Total	Shale	Deep	Total	Grand Total
1926	653	54355	55008	42599	104048½	146647½	201655½
1927	3623	53081	56704	10174	40154	50328	107032

Note:* All drilling on operating leases charged direct into operating costs.

Areas X and Y drilling

Owing to certain contracts, it is also necessary to distinguish between drilling within territory known as Area X and outside of these limits, classed as Area Y.

Comparative footages in X and Y 1926-1927

	Area X			Area Y		
	Shale	Deep	Total	Shale	Deep	Total
1926	29011	86303½	115314½	14241	72100	86341
1927	11512	67112	78624	2285	26123	28408

In conformity with weekly reports the X and Y drilling for 1927 may be further subdivided between operating and non-operating leases as follows:

Footage for 1927 segregated into X & Y, Operating* & Non-Operating

Shale X		Shale Y		Deep X		Deep Y	
Oper.	Non-Oper.	Oper.	Non-Oper.	Oper.	Non-Oper.	Oper.	Non-Oper.
3623	7889	0	2285	45265	21847	7816	18307

Note: *All drilling on operating leases charged direct into operating costs.

Cost of Drilling

The Company owns and operates on surface work, six churn drills and in addition contracts drilling in considerable amount at rates prevailing in the district. The cost account therefore, represents a balance between the cost of company footage and contract footage.

Comparative Costs of Drilling 1921-1927, incl.

Year	Cost per foot	
	Shale Drilling	Deep Drilling
1921	$ .44	$1.12
1922	.482	1.12
1923	.482	1.19
1924	.516	1.14
1925	.56	1.10
1926	.567	1.11
1927	.577	1.042

The foregoing figures for 1927 include the cost of drilling by Company owned surface drills, of which there are six; and the various contract drills used. The Company owned rigs drilled a total of 1,751 ft. of shale holes and 26,717 ft. of deep holes at a total cost of $.50 for shale and $1.00 for deep work (including depreciation). The Company drills are also used for the purpose of drilling in places where contract drillers cannot afford to drill at the prevailing prices.

Ore Holes

Results of drilling are represented roughly by the number of ore holes. An ore hole is defined as one which for any consecutive seven feet will assay 3% or better metallic zinc. It is permissable to value lead at twice its assay, inasmuch as the price of lead generally averages twice that of zinc.

The percentage of ore holes for 1927 shows an increase over previous years, mainly because the broad exploratory program of past years had been completed and drilling was narrowed down to the operating leases and the more promising remainder of the outside acreage.

This comparison is well shown below:

	1926	1927
Operating Leases*		
Total deep holes drilled	222	272
Ore holes drilled	48	46
% Ore holes drilled	21.6	16.9
Non-Operating Leases		
Total deep holes drilled	432	145
Ore holes drilled	32	24
% Ore holes drilled	7.4	16.5
Grand Total		
Deep holes drilled	654	417
Ore holes drilled	80	70
% Ore holes drilled	12.2	16.7

Note:* All Drilling on Operating Leases charged into Operating Costs.

LEASE DEVELOPMENT

HURLBUT LEASE NO.495

The Hurlbut shaft was completed in July and 1084½ ft. of drifting and pump seats, 156½ ft. of raise and 7 ft. of winze was driven on the 330 and 240 ft. levels. The development work on the 330 ft. level Northwest of the shaft proved very disappointing but the ore to the South on the 315 ft. level proved up a fair tonnage of good ore. On the 240 ft. level good ore was proved up to the North and West of the shaft. This lease has a proved and probable rock tonnage of 100,100 and with a grade of 4.52% metallic zinc, or a proved and probable concentrate tonnage of 4522.

This 5x7 shaft was sunk under a maximum flow of 3200 gallons of water per minute. Sinking a 5x7 shaft under similar conditions has possibly never been approached. The heaviest water burden against which a 5x7 shaft had previously been sunk in this District under similar conditions was 800 gallons of water per minute.

As a whole this ore body proved disappointing, but enough ore was developed to justify the moving of the Isherwood, or some other already owned concentrating plant, to this lease at some future date.

DARDENNE LEASE NO.922

This lease has a valuable tailing pile which could be milled at a profit even under present market conditions, and produce 14,583 tons of zinc concentrates. In addition to the tailings reserve we have over 2,000 tons of concentrates underground. This 40 acre lease is being held as a future reserve and will easily support a mill unit.

BUCKINGHAM NO.945* and BURKE NO.650 LEASES, ORONOGO

The small strike of last year on these tracts has not been developed completely but far enough to indicate a definite run of mineralized ground with important tonnage possibilities. The probable tonnage already approaches 200,000 rock tons with good chances for it to exceed and possibly even double this figure.

Other features aside from tonnage are not, unfortunately, so encouraging. Principal among these doubtful features is that somewhat intangible thing locally known as "the formation" which does not resemble that in typical mines which have generally proved profitable. The zinc is very dark colored, approaching the variety known as "Black Jack" and probably would yield rather a low grade concentrate. The flint is not "alive" and fresh-looking as is usually desirable. Moreover, the face indicated by drilling is low (about 10 ft.) and the grade rather low (about 4% Zn.) Most serious of all objections, probably, is the enormous quantity of water which the drilling seems to indicate. This may possibly be connected with the old Oronogo-Webb City mine fields and, if so, it would be necessary to dewater those areas, at least partially, in order to reach the ore.

On the other hand the remarkable regularity and definiteness of the ore run with an indicated length of possibly half a mile and a width of probably from 50 to 200 feet, are in its favor. It seems really to be a sort of blanket or semi-sheet ground deposit located, however, partly just above and partly just below the Grand Falls flint horizon, which is the normal sheet ground zone. The depth of the ore is about 230 feet.

Fortunately we have good terms on these leases for at least a few years, and caution probably is advisable in the matter of development. Should the old Oronogo sheet ground area ever be dewatered it would be an ideal time to develop this ore body.

Note: * The old lease on Buckingham (#622) has lately been surrendered and a new one taken numbered 945.

SNAPP NO.571 and GUNNING NO.949* LEASES, ORONOGO

Ore was first discovered on the Snapp lease in February, 1927 and we have developed this strike slowly and with one drill. To date the main ore body seems to be an irregular pocket at the end of a shale slumpage, and ore occurs both in and more especially just beneath the shale at a depth of about 150 feet, with some ore probably extending to 200 ft.

We count about 120,000 rock tons as probable on the basis of present drilling but believe there is a good chance to increase this materially either by extending the present ore body or by finding other pockets, or both.

The "formation" is believed good and the indicated grade of ore (4%) including a number of thin edge holes probably is less than may be expected in mining. Water is believed to be not unduly strong.

We have compact blocks of desirable acreage, on good terms, with milling privileges, around both this and the nearby Buckingham strike, and this locality is regarded as the Company's most promising site for a new operation.

CARTER LEASE NO.592, WACO

During 1927 we drilled several holes on this lease to extend our small ore strike to its probable limits. As a result we have outlined an ore body estimated at probably not quite 20,000 rock tons and about 1,000 concentrate tons, with little chance for anything more. This ore is at the deep level of the Waco Camp which may also be a factor against it rather than in its favor, as the deep run does not always prove up well.

Note: * The old lease on Gunning No.595 has lately been surrendered and a new one taken numbered 949.

We can see no possibility of an operation on this lease and unless there should develop some unexpected opportunity to mill it elsewhere, possibly at the Hurlbut, it would seem advisable to try to dispose of this tract to some other Waco company more conveniently situated to handle it.

LAWTON AREA

We still hold a considerable acreage of land around the Waco-Lawton Camps on which favorable structure and numerous shine holes have been developed. This land is held on easy rental terms and has been considered valuable enough to hold for possible more intensive prospecting at some opportune time.

ORE RESERVES

Classes of Reserves:

Proved Ore for 1927 is that ore more or less blocked out by drilling and mining, so that its actual location may be shown on a map and its face and grade computed approximately. This is virtually the same usage as in previous reports.

Probable Ore in 1927 is used to designate that additional tonnage, above proved ore, which it is believed, in the light of its past performance and the general history of its surroundings, a lease may reasonably be expected to produce. This ore remains to be discovered by future drilling and mining and cannot be platted on a map.

This terminology differs from that used in the 1926 report, and it is hoped that it will prove better for permanent usage. The computation of ore reserves at its best is a difficult matter, requiring both judgment and experience, and our practice is not yet standardized wholly to our satisfaction.

The term possible ore used in the 1926 report has been discontinued. It corresponds most nearly with the sum of proved ore and probable ore, although possible, as used last year, was more of an upper limit, not often likely to be attained, whereas proved plus probable is a limit believed reasonable to expect and likely in some cases to be exceeded, though in rare instances it may not be reached.

ORE RESERVES SUMMARY 1926-1927

ROCK TONS -- OPERATING LEASES

Lease No.	Name	AS AT DEC. 31,1926 Proved*	Grade %	AS AT DEC. 31, 1927 Proved*	Grade %	Probable**	Grade %	Proved and Probable	Grade %
396	Jarrett	125,789	4.14	146,751	4.00	240,000	5.0	386,751	4.62
383	Foley	89,537	6.2	121,084	4.56	50,000	4.0	171,084	4.4
743	Mullen	62,732	4.55	69,182	4.48	50,000	4.0	119,182	4.27
TOTAL JARRETT		278,058	4.90	337,017	4.30	340,000	4.7	677,017	4.51
724	ROBINSON	154,670	4.75	152,071	5.81	125,000	5.0	277,071	5.45
921	RITZ	235,601	5.44	342,155	4.83	250,000	4.5	592,155	4.70
603	Isherwood	5,865	8.25	5,865	8.25	4,000	8.0	9,865	8.15
494	Ellis	4,245	8.38	18,300	8.65			18,300	8.65
594	Martin	73,060	9.41	51,563	6.84	20,000	7.0	71,563	6.89
586	Banta	14,610	10.22	3,184	8.57	2,000	8.0	5,184	8.36
929	McKee	3,400	7.58	400	6.00			400	6.00
448	McBee			4,840	9.10	15,000	7.0	19,840	7.50
TOTAL ISHERWOOD		101,180	9.38	84,152	7.52	41,000	7.15	125,152	7.40
TOTAL OPERATING		769,509	5.51	915,395	5.05	756,000	4.81	1,671,395	4.94

ROCK TONS -- NON-OPERATING LEASES

495	Hurlbut	107,460	4.12	50,100	4.53	50,000	4.5	100,100	4.52
922	Dardenne	15,923	6.60	15,923	6.6	20,000	5.0	35,923	5.71
592	Carter	1,296	5.82	13,626	5.60	5,000	5.0	18,626	5.44
490	Stewart			505	4.36			505	4.36
945	Buckingham	4,805	4.71	46,091	4.36	90,000	4.0	136,091	4.12
650	Burke			22,900	4.59	20,000	4.0	42,900	4.32
571	Snapp			86,270	4.34	10,000	4.0	96,270	4.30
949	Gunning			10,986	4.16	20,000	4.0	30,986	4.06
TOTAL BUCKINGHAM		4,805	4.71	166,247	4.36	140,000	4.0	306,247	4.19
TOTAL NON-OPER'G		129,484	4.47	246,401	4.60	215,000	4.23	461,401	4.44

ROCK TONS IN TAILINGS

921	Ritz	334,916	1,98	250,311	3.14
922	Dardenne	651,200	2.62	651,200	2.24
TOTAL		986,116	2.40	901,511	2.49

ROCK TONS -- ABANDONED LEASES

TOTAL		36,970	4.25						
GRAND TOTAL		1,922,079	3.87	2,063,307	3.88	971,000	4.69	3,034,307	4.14

Note: "Proved" means ore actually blocked out by drilling and mining.
"Probable" means ore reasonably expected but which cannot be actually blocked out.
"Grade %" means metallic assay per rock ton.

ORE RESERVES SUMMARY 1926-1927

TONS CONCENTRATES -- OPERATING LEASES

Lease No.	Name	AS AT DEC.31,1926 Proved	AS AT DEC.31,1927 Proved	Probable	Proved and Probable
396	Jarrett	5,208	5,857	12,000	17,857
383	Foley	5,559	5,537	2,000	7,537
743	Mullen	2,849	3,099	2,000	5,099
TOTAL JARRETT		13,616	14,493	16,000	30,493
724	ROBINSON	7,342	8,850	6,250	15,100
921	RITZ	12,819	16,549	11,250	27,799
603	Isherwood	484	484	320	804
494	Ellis	356	1,581		1,581
594	Martin	6,891	3,529	1,400	4,929
586	Banta	1,496	273	160	433
929	McKee	258	24		24
448	McBee		439	1,050	1,489
TOTAL ISHERWOOD		9,485	6,330	2,930	9,260
TOTAL OPERATING		43,262	46,222	36,430	82,652

TONS CONCENTRATES - NON-OPERATING LEASES

495	Hurlbut	4,429	2,272	2,250	4,522
922	Dardenne	1,050	1,050	1,000	2,050
592	Carter	75	763	250	1,013
490	Stewart		22		22
945	Buckingham	226	2,008	3,600	5,608
650	Burke		1,050	800	1,850
571	Snapp		3,739	400	4,139
949	Gunning		457	800	1,257
TOTAL BUCKINGHAM		226	7,254	5,600	12,854
TOTAL NON-OPER'G		5,780	11,361	9,100	20,461

CONCENTRATES IN TAILINGS

921	Ritz	6,648	7,851
922	Dardenne	17,035	14,583
TOTAL		23,683	22,434

LEASES ABANDONED IN 1927

TOTAL ABANDONED	1,570	
GRAND TOTAL	74,295	80,017	45,530	125,547

G E N E R A L

G E N E R A L E X P E N D I T U R E S

	1 9 2 7 Expenditures Amount	%Total	Transferred to New York	Ledger Balances As at Dec. 31st 1 9 2 7 Amount	%Total
Lease Prospecting Exp.	2276.89	.17	0	401465.17	21.19
Deep Drilling Area X	22429.74	1.72	6781.87	98675.27	5.21
Deep Drilling Area Y	19607.79	1.49	36061.75	11612.75	.61
Shale Drilling Area X	4489.25	.35	5246.84	25616.98	1.35
Shale Drilling Area Y	1544.48	.11	11026.77	1307.00	.07
Lease Acquisition	0	0	3731.27	976.22	.05
Lease Rentals	5415.00	.41	41243.60	14977.17	.79
Legal Expense	1920.12	.15	2379.18	2226.23	.12
Bonuses	0	0	6000.00	55000.00	2.90
Interest on Deferred Bonus	0	0	375.00	0	0
General Expense Explor.	32398.77	2.49	55736.27	17803.14	.94
Electrical Prospecting	0	0	0	507.79	.03
Taxes Explorations	190.18	.01	112.34	97.84	0
Total Lease Expense	90272.22	6.90	168694.89	630265.56	33.26
Mine Development	92852.52	7.11	10640.05	487995.87	25.76
Mine Plant	50306.88	3.85	73.45	752560.64	39.72
General Plant Equipment	183.96	.01	0	0	0
Drill Equipment	282.34	.02	0	10604.75	.56
Meter Deposit	5.00	0	0	12.00	0
Prepaid F. & T. Ins.	8348.00	.64	0	4619.24	.24
Emp.Ins.Premium Prepaid	1604.02	.12	0	1119.77	.06
Warehouse Accounts	70.00	0	23.50	862.81	.05
Cash Accounts	0	0	0	3221.59	.17
Accounts Receivable	53987.61	4.13	0	2051.05	.11
Notes Receivable	0	0	0	1131.85	.06
Advances	239.97	.02	0	239.97	.01
Mining & Milling Exp.	892118.66	68.24	892118.66	0	0
General Exp.Operations	46855.00	3.58	46855.00	0	0
Taxes	3518.09	.27	3518.09	0	0
Royalties	174839.79	13.37	174839.79	0	0
TOTALS	1307358.84	100.00	1296716.43	1894685.10	100.00

Accounts Receivable and Notes Receivable on our books at the close of the year showed a balance, respectively, of $1751.05 and $1131.85.

At the close of the year Current Liabilities were as follows:

Royalty Accrued	$ 5,192.29
Taxes	1,118.32
Vouchers Payable	19,631.62
Labor Accrued	2,972.01
Special Liability Reserves	415.00
Total	$29,329.24

We had a credit balance of $35,772.08 in our Liability Insurance Reserve at the close of the year - showing a gain of $3,574.07 in this account during the year. Summary of this account for the year follows:

Reserve, at Manual Rates		$33,291.21
Cost:-		
Actual Expenditures	$28,809.54	
Est.Remaining Cost on unsettled cases	$ 8,500.00	
Total Cost (Estimated)		$37,309.54
Balance(Considering 1927 only) Deficit*		4,018.33
Balance(Considering entire period of self-insurance) Credit Balance		$27,272.08

Note:*Cost of Spencer - Beck - Hussey cases approximately $11,000.00

The only lawsuits in which the Company was involved at the close of 1927 in connection with unsettled Compensation cases are as follows:

LUDIKER vs KANSAS EXPLORATIONS, INC.- this is a suit to set aside a release made by Ludiker for injuries received by him and to recover additional compensation. The case is pending in the district court of Cherokee County, Kansas. The case will probably be settled for $100.00 and costs.

CAREY vs KANSAS EXPLORATIONS, INC. - this is a suit by Carey to recover damages for alleged personal injuries caused to him by smoke and dust while working in the Martin mine. The case is pending in the circuit court of Jasper County, Missouri, and it is our belief that defendant will succeed in this litigation.

The only other lawsuit pending at the close of 1927 in which the Company is involved is as follows:

BLANKENSHIP vs KANSAS EXPLORATIONS, INC. - this is a suit to recover damages to the mill property of plaintiff caused by running sludge into the mill pond of plaintiff. The suit was tried in the circuit court of Jasper County and judgment for $10,000.00 was rendered in favor of plaintiff. The case has been appealed on behalf of the defendant to the Supreme Court of Missouri and is now pending in that court.

Operating Income for the year, other than that from concentrate sales, consisted from following:-

Discount Earned	$2,504.81
Royalty	1,223.46
Interest	91.20
Total	$3,819.47

LEAD PURCHASING DEPARTMENT

The Lead Purchasing Department was discontinued in March, 1927 and since that date all of the Company lead production (2043.67 tons) has been sold in the Open Market to Geo. Moore, Agent for the St. Louis Smelting & Refining Co. Following is a summary of Lead Purchasing for the year for shipment to Company Smelters:

	Dry Tons	Pounds Metal	Value
Outside Purchases	1040.29	1709002	$102,085.15
Company Production	457.03	723234	42,313.15
Total	1497.32	2432236	$144,398.30

In April we shipped 42.67 dry tons of "Lead Free" Zinc Concentrates from our Ellis property to the Company Smelter.

By special arrangement made in March with Geo. Moore, Agent for the St. Louis Smelting & Refining Company, while we were awaiting final Company decision with respect to discontinuing the Lead Purchasing Department, we "loaned" him 629 tons of Outside lead and 1280 tons of Company lead under terms whereby he agreed to return a like tonnage of equal grade to us on call at a reasonable tonnage rate per week and on market basis prevailing at time we exercise such call. This "loan" arrangement was discontinued upon delivery of the above tonnage and at the close of the year we were selling our Company lead production outright to Mr. Moore.

The year 1927 opened with lead metal @ 7.80 and local concentrate market at $97.50, and closed with metal @ 6.50 and local concentrate market at $85.00. The high local market for the year was in March when the base price was $100.00 for three weeks with metal @ 7.65. The low local market point was in July when the base price was $75.00 for two weeks with metal @ 6.20

The last sale of zinc concentrates in 1927 was made on September 17th, when the local Prime Western base market was $41.00; with the exception that we sold 500 tons of Ritz Tailings Concentrates on October 15th @ $1.50 below Prime Western base, and 200 tons of similar concentrates from the same property on November 19th @ Prime Western base.

Up to September, when it was decided to hold zinc concentrates for a better market, we varied from the customary practice of selling our weekly concentrate production regularly at the market prevailing on the following Saturday, and these variations, together with special terms obtained in selling our "lead free" zinc concentrates produced by the Isherwood group of mines, resulted in increasing our gross sales value of zinc concentrates approximately $8,000.00, and our gross sales value of lead concentrates approximately $5,000.00.

At the close of the year we had in bin 5,120 tons of unsold zinc concentrates which was produced while Prime Western market base ranged from $35.00 to $38.00.

SUGGESTED PLANS
FOR THE YEAR
1928

S U G G E S T E D

PLANS FOR THE YEAR 1928

Operations & Exploration

Kansas Explorations, Inc, properties are in excellent physical condition and could produce over 40,000 tons of lead and zinc during 1928. The only property showing weakness is the Isherwood Unit. The Dardenne and Hurlbut leases are ready for a mill and the Snapp and Buckingham Area has an excellent showing and during the year should develop into a mill site.

The Company then begins the year 1928 with four operating properties, two properties ready for a mill each, and one area which promises to be developed into a mill site during the year.

Due to the very unsatisfactory ore market it is more than likely that the present curtailment program will continue well into the year 1928.

Explorations for 1928 will be very limited as the enormous drilling campaign originally planned was practically completed during 1927.

Jarrett Property - Kansas

During 1928 this property could produce over 10,000 tons of lead and zinc concentrates. The bulk of this tonnage would be mined from Jarrett #2 and #3 shafts with possibly a clean-up of the upper level ore at #1 mine. No tonnage would come from the Foley or Mullen leases, though if ore prices would permit, the Foley or Mullen shaft might advisedly be sunk to test out the deep run of ore.

The Jarrett property is in excellent condition, and could produce a large tonnage of high grade ore cheaply and on short notice.

Robinson Property - Kansas

During 1928 this property could produce over 10,000 tons of lead and zinc concentrates carrying approximately its 1927 lead ratio. Most of this tonnage would come from #4 and #5 shafts. The deeper development at #3 mine during the early part of the year may open up an enormous body of ore though possibly low grade and a much below average lead ratio. New territory immediately North and a little West of #2 shaft may be developed during the year.

The Robinson is in excellent condition physically to produce both tonnage and grade at past average cost.

Ritz Property - Oklahoma

During 1928 this property could produce possibly 10,000 tons of concentrates from the mine ore, or if tailings are to be treated alone, we hope to produce 6,000 tons or more of zinc concentrates. The underground ore would come mainly from #1 shaft though a good percentage of lead will come from #2 shaft, should it develop according to drill holes.

This property unfortunately was opened up at the beginning of the low zinc market which caused us to mine only the lower grade ores and hold in reserve the high grade ore. With a fair zinc market this property is in excellent condition to make good showing. Even on present markets a small profit will accumulate on the milling of tailings.

Isherwood Property - Missouri

During 1928 this property could produce possibly 7,000 tons of concentrates. Most of this tonnage would come from the Martin lease though a small tonnage remains on the Ellis, Banta, McKee and Isherwood. During 1928 these properties will be just about mined out unless new unexpected ore bodies are discovered. It will take an expenditure of about $28,000 to complete our drilling program in this area and this should be completed this year. The McBee lease adjoining the Martin on the North has been partly drilled and two very promising ore pockets discovered. We hope to be able to mill this ore over the Isherwood Mill.

EXPLORATIONS

Hurlbut Lease No. 495

During 1928 this property could be put into production but it is planned to pay approximately $1100.00 yearly rental and hold this ore for the future. The Isherwood Mill will possibly be moved to this lease, in due time.

Dardenne Lease No. 922

During 1928 this property could be put into profitable production but for the moment is being held as a reserve sufficient for a complete mining and milling plant.

Buckingham - Oronogo

The Buckingham Lease No. 945 together with the following leases, have a combined milling right permitting any or all of them to be milled over one mill. There has been a fair tonnage of ore blocked and we feel confident of developing this area into another milling unit possibly during 1928:

Snapp Lease	No.571
Gunning Lease	No.949
Stevison Lease	No.951
Kimmel Lease	No.944
Broughton Lease	No.946
Gunning Lease	No.948
McReynolds Lease	No.947
Burke Lease	No.650
Poundstone Lease	No.952
Crosby Lease	No.691

Other Miscellaneous Leases

During 1928 the few remaining leases not mentioned above, will possibly be sold, abandoned or assigned.

Acquisition by Purchase

During 1928 we may have an excellent opportunity to secure known ore reserves. It does not seem probable that the present operators can exist long on present ore prices. The Company has an organization which is well acquainted with the entire field and is in an excellent position to take full advantage of acquiring, developing or operating any favorable leases that may be offered.

Drilling

1927 practically brought to a definite conclusion the enormous drilling campaign originally planned. During 1928 there should be practically no wildcat drilling. Drilling in 1928 will possibly be confined to known productive properties.

General

This Company is now in a position to hold its own with any of the other organizations of the Tri-State District. The properties of Kansas Explorations, Inc. are in such a physical condition that 1928 could be the largest, most efficient, and most profitable year in the Company's history.

The year 1928 starts out, however, with the very low market of $35.00 per ton of zinc concentrates (60% Zn) and $85.00 per ton of lead concentrates (80% Pb). It does

not seem likely that much improvement in the market will be made during the first part of the year, which in turn will necessitate the continuation of our curtailment program.